

## **ALL OTHER SOURCES OF REVENUE**

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## **BINGO**

The tax on state licensed bingo operations is based on a multi-tiered licensing structure. There are three classes of bingo licenses, each of which has a different tax rate.

Each licensee's tax rate is based on bingo receipts. Class A licensees, whose gross receipts do not exceed \$15,600 per year, are taxed at 2.5 percent of their adjusted gross receipts. (Adjusted gross receipts are the monies left after paying prizes.) Class B and Class C licensees are taxed on their gross receipts. Class B licensees, whose gross receipts do not exceed \$300,000, are taxed at 1.5 percent of their gross receipts. Class C licensees, whose gross receipts exceed \$300,000 per year, are taxed at 2 percent of their gross receipts from bingo.

All taxes collected are deposited in the state general fund. A total of \$634,384 was deposited in Fiscal Year 2000-01 (Refer to Table 41).

**TABLE 41  
BINGO COLLECTIONS  
FISCAL YEAR 1996-97 THROUGH FISCAL YEAR 2000-01**

<b>FISCAL YEAR</b>	<b>AMOUNT</b>
1996-97	\$774,129
1997-98	\$750,970
1998-99	\$717,830
1999-00	\$677,036
2000-01	\$634,384

### **BINGO COLLECTIONS**

	<b>FY1996-97</b>	<b>FY1997-98</b>	<b>FY1998-99</b>	<b>FY1999-00</b>	<b>FY2000-01</b>
Licenses	\$31,079	\$22,438	\$24,193	\$21,534	\$24,549
Proceeds	730,466	724,040	689,423	644,385	606,880
Penalty, Interest and Miscellaneous	12,584	4,493	4,214	11,116	2,955
<b>TOTAL</b>	<b>\$774,129</b>	<b>\$750,970</b>	<b>\$717,830</b>	<b>\$677,036</b>	<b>\$634,384</b>

## **ESTATE TAX**

The Arizona estate tax is a tax on the transfer of property or interest in property that takes effect upon the owner's death. The estate tax is imposed on the net taxable estate before distribution, differing from the inheritance tax which is imposed on the portion of the estate received by a beneficiary. Arizona does not impose inheritance or gift taxes. Estate taxes are deposited into the state general fund. (Refer to Table 42.)

The Estate Tax Unit of the Arizona Department of Revenue is responsible for the collection of estate taxes and the processing of estate tax returns and reports of personal representative of decedent.

An estate is not taxable, and no estate tax return is required to be filed if a federal estate tax return is not required. However, a Report of Personal Representative of Decedent must be filed in order to obtain waivers to be used in connection with probate proceedings, to terminate joint tenancy on real property.

The Arizona estate tax for an Arizona resident decedent is an amount equal to the federal credit for state death taxes. If the decedent owned real or tangible personal property located in another state, the Arizona tax is reduced by either the amount of death tax paid to the other state or a prorated share of the federal credit, whichever is less.

The Arizona estate tax for a nonresident decedent is a prorated share of the federal credit, based on the value of real property and tangible personal property having actual situs in Arizona this year.

**TABLE 42**  
**COLLECTIONS OF ESTATE TAXES**  
**FISCAL YEAR 1996-97 THROUGH FISCAL YEAR 2000-01**

<b>FISCAL YEAR</b>	<b>COLLECTIONS</b>	<b>REFUNDS</b>	<b>NET</b>
1996-97	\$66,973,245	\$1,540,908	\$65,432,336
1997-98	\$64,490,574	\$1,587,899	\$62,902,674
1998-99	\$89,087,575	\$1,837,477	\$87,250,098
1999-00	\$85,238,335	\$4,594,005	\$80,644,330
2000-01	\$76,921,666	\$2,269,883	\$74,651,783

Figures may not add to total due to rounding.

## **LUXURY TAX**

Arizona's luxury tax applies to cigarettes, other tobacco products, and alcoholic beverages. The Department is responsible for issuing tobacco licenses and stamps and collecting taxes on tobacco products and alcoholic beverages. The Department also investigates and confiscates contraband alcoholic beverages and tobacco products. During the 2000-2001 fiscal year, over \$200 million was received in luxury tax collections. Of that, \$77.6 million was allocated to the Medically Needy Fund, \$25.5 million to the Health Education Fund and \$5.5 million to the Health Research Fund due to the passage of the Tobacco Tax and Health Care Initiative in November 1994. The Corrections Fund, established by the Legislature in 1984 to pay for prison construction, received \$25.5 million, and the Arizona Wine Promotional Fund received \$21,278. The Drug Treatment and Education Fund received \$6.9 million, and the Corrections Revolving Fund received \$2.7 million due to the passage of Proposition 200 in 1996. The remaining \$65.6 million was deposited into the state general fund. (Refer to Table 43)

### **Tobacco Products Rate**

The luxury tax rates on cigarettes and tobacco products, for July 2000 through June 2001, were as follows:

#### **Cigarettes**

per cigarette	\$ .029
package of 20	\$ .58
package of 25	\$ .725

#### **Cigars**

small cigars weighing not more than 3 lbs/1,000 package of 20 or less	\$ .129
selling for \$0.05 or less (each 3 cigars)	\$ .064
selling for more than \$0.05 (each cigar)	\$ .064

#### **Smoking Tobacco**

snuff, fine cut, chewing, etc. (per ounce)	\$ .065
Cavendish, plug, or twist (per ounce)	\$ .016

The luxury tax rates on liquor for fiscal year 1999-00 were as follows:

#### **Spirituuous Liquors**

per gallon	\$3.00
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<b>vinous liquors</b> more than 24% alcohol (per gallon)	\$4.00
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<b>vinous liquors</b> less than 24% alcohol (per gallon)	\$0.84
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#### **Malt Liquor (Beer)**

per gallon	\$0.16
per barrel (31 gallons)	\$4.96

**TABLE 43**  
**LUXURY TAX COLLECTIONS**  
**FISCAL YEAR 1996-97 THROUGH FISCAL YEAR 2000-01**

SOURCE	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01	PERCENT OF
						COLLECTIONS IN FY 2000-01
Spirituos Liquor	\$18,314,041	\$18,787,775	\$19,648,670	\$20,587,605	\$21,327,540	10.2%
Vinous Liquor	7,501,777	7,893,100	7,969,428	9,026,326	8,477,493	4.0%
Malt Liquor	19,276,518	19,463,378	20,534,013	21,309,231	21,602,321	10.3%
<b>Liquor Collections</b>	<b>\$45,092,337</b>	<b>\$46,144,253</b>	<b>\$48,152,111</b>	<b>\$50,923,162</b>	<b>\$51,407,354</b>	
Tobacco - All Types						
Gross Revenue	169,340,917	169,660,665	166,646,960	163,206,980	161,078,853	
Refunds	(3,197,343)	(4,569,441)	(3,457,756)	(3,474,292)	(2,662,128)	
Licenses	4,625	7,100	7,175	7,175	8,600	
Administrative Expenses	(303,902)	(344,036)	(358,196)	(310,931)	(384,593)	
<b>Net Tobacco Collections</b>	<b>\$165,844,296</b>	<b>\$164,754,289</b>	<b>\$162,838,183</b>	<b>\$159,428,932</b>	<b>\$158,040,732</b>	75.5%
<b>TOTAL COLLECTIONS</b>	<b>\$210,936,633</b>	<b>\$210,898,542</b>	<b>\$210,990,294</b>	<b>\$210,352,094</b>	<b>\$209,448,087</b>	100.0%
<b>DISTRIBUTIONS:</b>						
State General Fund	67,340,537	64,429,625	64,770,498	65,436,145	65,568,793	
Wine Promotional Fund	9,542	9,306	14,595	21,197	21,278	
Health Care Funds	115,961,006	114,104,507	112,735,957	109,786,025	108,709,176	
Drug Treatment &						
Education Fund (1)	3,124,761	6,235,814	6,502,823	6,897,717	6,903,464	
DOC Revolving Fund (1)	1,242,158	2,477,227	2,583,453	2,739,633	2,743,924	
Department of						
Corrections Fund	22,978,271	23,467,623	24,141,360	25,192,099	25,154,893	
DOC Corrections						
Fund Transfer	280,358	174,439	241,607	279,278	346,559	
<b>TOTAL DISTRIBUTIONS</b>	<b>\$210,936,633</b>	<b>\$210,898,542</b>	<b>\$210,990,294</b>	<b>\$210,352,094</b>	<b>\$209,448,087</b>	

(1) Effective January 1997, a portion of the revenues from the Luxury Tax on Liquor is distributed to the Drug Treatment and Education Fund and the DOC Revolving Fund.

## **CANNABIS AND CONTROLLED SUBSTANCES**

Legislation passed in 1983 authorized the Arizona Department of Revenue to regulate licensing, tax collection and issuing of tax stamps for cannabis and controlled substances. Effective July 21, 1997, the legislature repealed this tax. However, the Department is empowered to collect the tax on open pre-repeal cases. The 1990 legislation provided that any revenue resulting from the tax would be deposited as 5% to the state general fund and the remainder to be distributed in equal shares to the applicable police agency that conducted the seizure and the office of the county attorney prosecuting the case. The total collected from these pre-repeal cases during Fiscal Year 2000-01 was \$7,412. The Attorney General fund received \$7,041 and the remaining \$371 was deposited into the state general fund.

## **UNCLAIMED PROPERTY**

Responsibilities of the Unclaimed Property Program include the collection, safekeeping, and disposition of unclaimed property, escheated estates, and unclaimed shares and dividends of Arizona corporations. Unclaimed property staff establishes and maintains records of funds and other personal property that are received from banking or financial organizations, insurance corporations, utilities, business associations, fiduciaries, state courts, and agencies which is presumed to be abandoned. The largest percentage of unclaimed property is comprised of:

- ◆ Bank or credit union accounts with no activity for five years.
- ◆ Utility deposits not claimed in two years.
- ◆ Contents of safe deposit boxes on which rent has not been paid for one year.
- ◆ Traveler's checks not cashed in 15 years.
- ◆ Money orders not cashed in seven years.
- ◆ Cashier checks not cashed in five years.

Under a law that took effect July 1, 1990, up to \$1 million in unclaimed utility deposits can be used for a utility assistance fund to help the low-income and elderly make utility deposits or repairs. Personal property from safe deposit boxes is sold at a public auction, and the cash is credited to the owner's account. Unclaimed property may be recovered by owners at any time with proper documentation. There is no statute of limitations on claims.

## **ESCHEATED ESTATES/ARIZONA SHARES & DIVIDENDS**

The unclaimed property staff members also establish and maintain records of escheated estates and unclaimed shares and dividends from Arizona corporations. When a person dies without leaving a will and has no known heirs, or if a person dies and a known heir cannot be located, his or her property reverts to the state as the original and ultimate proprietor after seven years., thus creating an escheated estate (Refer to Table 44).

Funds received from escheated estates and from unclaimed shares and dividends are deposited into the permanent school fund. (Refer to Table 44.)

**TABLE 44**  
**COLLECTIONS AND DISTRIBUTION OF UNCLAIMED PROERTY**  
**FISCAL YEAR 1996-97 THROUGH FISCAL YEAR 2000-01**

SOURCE						PERCENT OF
						COLLECTIONS
	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01	FY2000-01
<b>UNCLAIMED PROPERTY</b>	\$18,906,608	\$20,770,144	\$21,315,542	\$31,415,063	\$38,020,547	
Refunds	(9,103,438)	(6,609,804)	(8,135,383)	(9,881,814)	(15,764,220) (2)	
Expenses	(976,989)	(983,832)	(1,020,282)	(1,110,490)	(1,023,813)	
Housing Fund	(3,655,132)	(7,380,832) (4)	(6,791,802)	(11,421,658)	(11,733,852)	
Utility Assistance Fund	(604,936)	(711,976)	(818,382)	(639,104)	(905,023)	
Racing Fund	-----	(2,681,159) (4)	(2,465,180)	(4,153,330)	(4,266,855)	
Victim Restitution Fund (1)	-----	-----	-----	-----	(17,027)	
<b>NET</b>	<b>\$4,566,113</b>	<b>\$2,402,541</b>	<b>\$2,084,512</b>	<b>\$4,208,667</b>	<b>\$4,309,756</b>	<b>98.2%</b>
<b>ESCHEATED ESTATES</b>	365,584	109,023	309,305	201,612	647,074	
Refunds	(22,893)	(69,124)	(92,000)	(188,587)	(576,578)	
<b>NET</b>	<b>\$342,691</b>	<b>\$39,899</b>	<b>\$217,304</b>	<b>\$13,026</b>	<b>\$70,496</b>	<b>1.6%</b>
<b>UNCLAIMED ARIZONA SHARES</b>						
<b>AND DIVIDENDS (3)</b>	<b>\$0</b>	<b>\$15,312</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,326</b>	<b>0.2%</b>
<b>TOTAL NET REVENUE</b>	<b>\$4,908,804</b>	<b>\$2,457,752</b>	<b>\$2,301,816</b>	<b>\$4,221,693</b>	<b>\$4,387,578</b>	<b>100.0%</b>

**DISTRIBUTION**  
**FISCAL YEAR 2000-01**

NET TO PERMANENT	
SCHOOL FUND (5)	\$77,822
NET TO GENERAL FUND	\$4,309,756
<b>TOTAL DISTRIBUTION</b>	<b>\$4,387,578</b>

- (1) Victim Restitution Fund became effective on January 1, 2001 per HB 2061.  
(2) Does not include \$540 transfer recorded in Fiscal Year 2000-01. Distribution will be completed in Fiscal Year 2001-02.  
(3) Proceeds from stock sales that were deposited in the Permanent School Fund per Article XI of the Arizona Constitution.  
(4) Increase in the Housing Fund transfer and the additional Racing Fund transfer are the result of new legislation.  
(5) Of this amount, \$70,496 is to be deposited to the Permanent State School Fund by the end of Fiscal Year 2001-02. Distributions of \$13,026 from Fiscal Year 1999-00 and \$7,326 from Fiscal Year 2000-01 was made in Fiscal Year 2000-01.

Figures may not add to total due to rounding.



## **WASTE TIRE**

The Arizona waste tire fee is a fee applied to the sale of new motor vehicle tires. The fee is to be collected quarterly at a rate of two percent of the purchase price not to exceed two dollars per tire.

During fiscal year 2000-01, the Department collected \$6,346,629 and distributed 3.5% percent to the Department of Environmental Quality with the remainder being distributed to the counties based on the number of motor vehicles registered in the county (Refer to Tables 45 and 46). The distribution is performed quarterly.

**TABLE 45  
WASTE TIRE FEE COLLECTIONS  
FISCAL YEAR 2000-01**

<b>NUMBER OF TIRES</b>	<b>NUMBER OF FILERS</b>	<b>TOTAL NUMBER OF TIRES</b>	<b>AMOUNT REMITTED</b>
1 to 50	206	4,525	\$6,991
51 to 100	100	7,336	\$9,427
101 to 250	161	26,910	\$34,815
251 to 500	129	46,316	\$57,709
501 to 1,000	108	77,294	\$101,394
1,001 to 2,500	138	234,474	\$276,635
2,501 to 5,000	109	387,074	\$441,487
5,001 to 10,000	84	600,969	\$710,539
10,001 to 25,000	72	1,075,424	\$1,144,529
More Than 25,000	22	3,205,131	\$3,465,548
No Information	1		\$578
Overpayments			(\$12,970)
Accounts Receivable Adjustment (1)			\$109,948
<b>Total</b>	<b>1,130</b>	<b>5,665,453</b>	<b>\$6,346,629</b>

(1) This figure represents the Net Balance added to the distribution for Accounts Receivable Collections.

Figures may not add to total due to rounding.

**TABLE 46**  
**WASTE TIRE FEE DISTRIBUTION**  
**FISCAL YEAR 1996-97 THROUGH FISCAL YEAR 2000-01**

	<b>FY1996-97</b>	<b>FY1997-98</b>	<b>FY1998-99</b>	<b>FY1999-00</b>	<b>FY2000-01</b>
Apache	\$52,928	\$54,182	\$64,352	\$68,421	\$76,526
Cochise	142,616	143,807	152,286	156,256	174,766
Coconino	139,452	139,828	150,983	153,159	171,302
Gila	78,304	78,834	83,559	83,307	93,175
Graham	32,128	32,835	35,647	36,127	40,407
Greenlee	13,055	13,029	13,870	13,394	14,980
La Paz	27,842	28,969	32,583	32,577	36,436
Maricopa	2,699,915	2,755,607	2,943,115	3,076,438	3,440,863
Mohave	210,736	214,447	232,057	238,888	267,186
Navajo	100,409	101,565	111,158	112,636	125,978
Pima	770,653	770,678	805,024	829,316	927,554
Pinal	178,967	180,662	196,448	197,496	220,890
Santa Cruz	47,081	48,113	52,529	54,110	60,520
Yavapai	255,801	231,975	244,698	251,010	280,743
Yuma	147,603	151,633	166,882	172,712	193,171
AZ Dept of Environmental Quality	177,629	179,395	191,691	198,606	222,132
<b>Total</b>	<b>\$5,075,120</b>	<b>\$5,125,561</b>	<b>\$5,476,881</b>	<b>\$5,674,452 (1)</b>	<b>\$6,346,629</b>

(1) Includes a \$164 transfer for Fiscal Year 1999-00 that was not completed until Fiscal Year 2000-01.

Figures may not add to total due to rounding.